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Vi Healthcare Finance, Inc.

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF CALIFORNIA, FRESNO DIVISION

In re:

SOUTHERN INYO HEALTHCARE
DISTRICT,

Debtor.

Case No.: 16-10015-A-9

Chapter 9

DC No.: KDG-5

Date: December 19, 2018
Time: 1:30 p.m.
Place: United States Bankruptcy Court
2500 Tulare Street, Fifth Floor
Department A, Courtroom 11
Fresno, California

Judge: Honorable Fredrick E. Clement

DECLARATION OF LARA A. S. CALLAS IN SUPPORT OF
MOTION TO QUASH SUBPOENA TO BAKER HOSTETLER LLP

1 I, the undersigned, hereby declare as follows:

2 1. I am licensed to practice law in California. I am admitted to practice before the
3 United States District Court of the Eastern District of California and I am an attorney with Sall
4 Spencer Callas & Krueger, A Law Corporation, counsel for Healthcare Conglomerate
5 Associates, LLC and Vi Healthcare Finance, Inc. and also counsel to Medflow, PC and Tulare
6 Asset Management in relation to this Motion to Quash the Subpoena to Baker Hostetler, LLP
7 (the "Motion to Quash").

8 2. I have personal knowledge of the matters stated in this declaration. If the Court or
9 a party called on me to do so, I could and would competently testify to these facts under oath.
10 I submit this declaration in support of the Motion to Quash.

11 3. On December 4, 2018, Brandon Krueger of my firm sent an e-mail to Ashley
12 McDow proposing that the Benzeevi Group would produce invoices reflecting services from
13 December 2015 through January 2016 performed by Baker as to the Management Services
14 Agreement ("Inyo MSA"). The purpose of this proposal was to refresh Ms. McDow's
15 recollection as to her involvement in the Inyo MSA and partially resolve the issues presented in
16 this Motion to Quash. This proposal was subject to the following conditions: that the invoices
17 would be redacted to protect the privileged and confidential nature of entries by attorneys other
18 than Ms. McDow and Mr. Farivar; that the production would not constitute a broader waiver or
19 privilege or confidentiality, including as to other invoices or the subject matter of the
20 unredacted entries; that the invoices would be produced on an attorney's eye's only basis and
21 would be submitted under seal, if they were to be used in relation to the DQ Motion. The e-
22 mail also attached minutes from the January 2, 2016 Southern Inyo Healthcare District
23 ("SIHD") Board meeting where the SIHD Board approved the Inyo MSA, which reflected Ms.
24 McDow's participation in that meeting and could also refresh her recollection. I retrieved these
25 minutes from the Southern Inyo Healthcare District website,
26 www.sihd.org/board/minutes/2016/01.02.16-Special-Board-Meeting.pdf. A true and correct
27 copy of Mr. Krueger's December 4, 2018 e-mail to Ms. McDow and the attachment is attached
28 hereto as **Exhibit 2**. To date, neither Ms. McDow, nor any attorney representing Debtor has

1 responded to this proposal.

2 4. For the Court's convenience, attached hereto as **Exhibit 3** is a highlighted version of
3 the January 2, 2016 SIHD Board Meeting minutes, highlighting the relevant part of these
4 minutes. The highlighted portions reflect the following: that Ms. McDow appeared as HCCA's
5 attorney at this meeting; that she explained terms of the Inyo MSA to the Board and the public
6 attending the meeting; that she made modifications to the Inyo MSA at the meeting; that
7 SIHD's counsel Scott Nave stated, and Ms. McDow did not contradict, that Baker Hostetler
8 ("Baker") was HCCA's general counsel; that she and Mr. Nave explained terms of the conflict
9 waiver; and that as part of that explanation Mr. Nave stated "If a dispute arose about whether or
10 not there was a conflict that could not be waived then the potential there is Baker/Hostetler
11 would be disqualified and they would have to bring in new bankruptcy counsel." While Ms.
12 McDow explained screening procedures in explaining the conflict waiver, no evidence has
13 been provided, to date, of any screening measures employed at Baker.

14 5. Baker has been engaged in a rolling document production of the Benzeevi Group
15 client file to our firm over the past few months. At the time the Motion to Disqualify Foley &
16 Lardner and Ashley McDow was filed on October 15, 2018 and the Motion to Quash was filed
17 on November 6, 2018, we had not yet located a signed copy of the January 2, 2016 purported
18 conflict waiver letter. During my review of the Baker production after November 6, 2018, I
19 located a fully executed copy of the January 2, 2016 letter from Bruce Greene of Baker to
20 HCCA and Southern Inyo Healthcare District. A true and correct copy of the fully executed
21 January 2, 2016 letter is attached to Dr. Benzeevi's Supplemental Declaration as **Exhibit 1**.

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1 6. Attached hereto as **Exhibit 4** is a true and correct copy of Ethics Opinion 2014-1
2 from the Bar Association of San Francisco analyzing Evidence Code § 958 as it applies to
3 negative online reviews.

4 I declare under penalty of perjury that the foregoing statements are true and correct and
5 that if called as a witness herein I could and would competently testify thereto, and that this
6 declaration was executed on December 12, 2018 at Littleton, Colorado.

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LARA A. S. CALLAS